

FISCAL NOTE

HB 123 - SB 19

April 16, 2001

SUMMARY OF BILL: Bill establishes the Tennessee Rx Program. Bill creates a drug rebate program in Tennessee for person's age 62 or older, 19 or older if disabled, and those without drug benefits. The program has a basic component and a supplemental component. Persons with family incomes less than 185% of poverty would be eligible for both components. Persons whose family income does not exceed 210% of the federal poverty level and who spend more than 40% of their income on un-reimbursed direct medical expenses would also be eligible for both benefit components. The Commissioner of Health can establish premiums provided that persons with incomes at or below 185% of poverty would not have to pay more than 20% of the price allowed for the drug or \$2. Beginning January 1, 2001 all manufacturers or labelers that participate in the TennCare Program shall participate in the drug rebate program.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - Exceeds \$2,000,000 Recurring

Exceeds \$500,000 One-Time

Increase State Revenues - Exceeds \$500,000

Other Fiscal Impact: The amount of rebates collected from manufacturers and the amounts remitted to pharmacies cannot be determined but is estimated to exceed \$75,000,000

Estimate assumes:

- a significant increase in state expenditures to administer the program.
- an increase in state revenues from the \$2 participant co-pay.
- the number of participants in the program cannot be determined but is estimated to exceed 300,000.
- based on average prescription usage and the average amount of rebates received in the TennCare Program, the amount of rebates received and discounts reimbursed under the program is estimated to exceed \$75,000,000.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

HB 123 - SB 19